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Fiscal Planning Guidance for Budgetary Uncertainty

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1. General Guidance. The potential combination of a yearlong Continuing Resolution (CR), sequestration and Overseas Contingency Operation (OCO) account shortfalls would seriously compromise the Army's ability to respond to any contingency beyond Operation ENDURING FREEDOM (OEF). Additionally, supporting the war effort under these conditions will deplete our Operation and Maintenance (O&M) accounts and have a devastating effect on our people and installations at home and abroad.

a. The fiscal uncertainty of sequestration, a year-long CR, or both, requires prudent actions now to avoid or, at a minimum, reduce harmful consequences of continued execution of current spend plans. Further delays will increasingly minimize flexibility and reduce our ability to achieve budget reductions without significantly impacting the Army's ability to fulfill its current and future operational missions.

b. The prescriptive reductions to our Research, Development and Acquisition (RDA), Military Construction (MILCON) and 'pass-through' accounts will slow critical programs resulting in potentially wasteful spending and have other serious effects that we will only uncover with detailed planning.

c. As bad as those outcomes would be, we are most concerned that the Army will suffer mission failure in several O&M-funded programs unless we take immediate action to curb spending in order to preserve fiscal flexibility through the remainder of the year. If we continue spending unchecked, we will limit our ability to adapt to the fiscal pressures and preserve the most vital capabilities.

d. The guidance set forth within this document is subject to revision based upon receipt of future guidance from either the Office of the Secretary of Defense or the Secretary of the Army. This directive is based on OSD and Secretary of the Army guidance issued as of this date. Should OSD or the Secretary subsequently issue new guidance that conflicts with or diverges from the content of this directive, the requirements set forth below may be modified accordingly.

e. This guidance will help mitigate budget execution risks. To the maximum extent possible, actions must be reversible and structured to minimize harmful effects on our people, on core mission operations, and unit readiness. To the extent feasible, we want to preserve the ability to resume normal operations as soon as possible in the event that Congress acts to lessen our budget risk.

2. Tasks.

a. Each command, Army Operating Agency (OA) and Program Executive Office (PEO) must begin to take immediate actions to mitigate near-term budget execution risks and plan future actions that might be required in the event of a year-long CR and/or sequestration. This planning does not assume these unfortunate events will occur, only that we must be ready. PEOs will report through ASA (ALT), who will coordinate and consolidate their activities.

b. Implementation plans are due to the Army Budget Office (ABO) by 1200 Eastern Standard Time (EST) on Friday, 25 January 2013. Implementation plans will encompass four supporting efforts; (1) a near-term plan of immediate actions to curb spending, (2) a longer-term, FY 2013

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budget mitigation spend plan, that accounts for a year-long CR and sequestration (revised fiscal targets will be provided by the ABO under separate cover); (3) an assessment of reprogramming actions required in FY 2013 to retain fiscal solvency and (4) a Commander's statement of risk.

3. Near-Term Actions. Immediate actions^{1 2} to mitigate budget execution risks include:

- Freeze civilian hiring effective immediately (with exceptions for mission-critical activities³).
- Terminate the employment of temporary employees consistent with mission requirements. Additionally, employees on term appointments shall not be extended unless a specific exception is approved for either mission-critical activities or when appropriate due to personnel timing³.
- Review contract workforce levels for potential adjustment in accordance with critical mission requirements.
- Reduce base operating services by 30% of FY 2012 spending levels.
- Optimize the use of Soldiers to perform installation support IAW ASA(M&RA) guidance on the use of Soldiers to perform installation functions.
- Curtail temporary duties and professional training that are not mission-critical, such as attendance at or hosting of conferences, staff assistance visits and training seminars. Exceptions may be made for mission-critical activities, including those required to maintain professional licensure or equivalent certifications. Curtail travel, training, and conferences (with exceptions for mission-critical activities³ including those required to maintain professional licensure or equivalent certifications).
- Conference approval authorities shall further significantly curtail participation in conferences with exceptions only for mission-critical activities executable within this fiscal guidance. This applies to all conferences whether or not previously approved.
- Curtail training, including training events, not related to maintaining readiness for OEF, the Korean forward deployed units, Homeland Defense and the Division Ready Brigade and other excepted mission-critical activities. Risk shall be taken in all areas of training that are not related to these protected missions. To the extent that an action reducing unit readiness is irreversible, it shall be delayed until detailed planning is complete and further guidance is provided. Exceptions may be made for mission-critical activities³.
- Review contracts and studies for possible cost savings and curtail or cancel ongoing and scheduled studies that are not Congressional-directed or mission critical.

¹ Prior to the 25 January submission, commands, PEOs, and agencies will consult with the Combatant Commands should their budget mitigation spend plans reduce previously defined funding levels. Differences in planned actions will be brought to the attention of the Director, ABO.

² Army organizations receiving reimbursements should coordinate with their customer to ensure that both the funding organization and receiving organization understand the impacts of planned reductions.

³ For exception to policy authorities, refer to guidance throughout this document and in associated guidance from the Headquarters, Department of the Army.

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- Limit administrative expenses and supply purchases to essential FY 2013 consumption and stop minor purchases that are not mission-critical, such as furniture, information technology refresh, and unit equipment. Ceremony expenses shall be similarly limited.
- Cease facilities sustainment activities that are not directly connected to matters of life, health, or safety. Additionally, cease all Restoration & Modernization (R&M) Projects including Facilities Reduction Program (FRP) and projects required to facilitate stationing decisions. Exceptions may be granted on a case-by-case basis by the Assistant Chief of Staff for Installation Management (ASCIM).
- Army Materiel Command shall plan to cancel 3rd and 4th quarter depot maintenance and reset orders and contracts that do not directly support units deployed to a theater or entering the Army Force Generation (ARFORGEN) available pool. While plans shall be made, specific action shall not be taken until 15 February 2013.
- Maintain the limited "stop ship" policy. Additionally, Deputy Chief of Staff, G-4, shall develop a plan to stop Army-wide Second Destination Transportation shipments to include new procurement, equipment redistribution, war reserves, war reserve ammunition, over ocean civilian household goods and privately owned vehicles moves, and over ocean transit of morale, welfare, and recreation (MWR) support.
- The Assistant Secretary of the Army (Acquisition Logistics Technology) [ASA (ALT)] shall coordinate with commands, Program Executive Officers, and industry to gather data, assess impacts, and develop plans regarding acquisition programs, science and technology activities, and contracts.
- The ASA(ALT) shall immediately institute procedures to submit all Research, Development, Test, and Evaluation and production contract awards or modifications that exceed \$500 million to Under Secretary of Defense (Acquisition Technology and Logistics) [USD(AT&L)] for approval prior to award.
- The ASA (ALT) shall initiate an assessment of Science and Technology accounts for the impacts of the budgetary uncertainty on meeting Departmental research priorities and provide the results to USD (AT&L) and the Assistant Secretary of Defense (Research & Engineering).
- Accelerate Joint Reconciliation Program (JRP) reviews of existing obligations to ensure only valid obligations are recorded in all prior year accounts by 31 January 2013.

a. If you believe you need to take additional immediate actions that go beyond the categories listed above, you should present the additional immediate actions you would like to take to the ABO for review and approval prior to implementation.

b. You will receive additional details on reporting requirements to include reporting format and narratives when ABO provides your fiscal targets under separate cover.

4. Budget Mitigation Spend Plans. Achieving the reductions required for sequestration while continuing to carry out the Army's mission will be challenging. As you formulate your budget

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mitigation spend plans, you must take all possible steps to mitigate harmful effects associated with this budgetary uncertainty and to maintain a strong defense.

a. A Presidential order for Sequestration on 1 March 2013 will specify reductions to total budgetary resources in each budget account (appropriation) based upon estimates provided to the Office of Management and Budget (OMB) by the Under Secretary of Defense (Comptroller) [USD (C)]. The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) requires that this reduction be applied equally to each “Program, Project and Activity” (PPA) within these accounts. For the purposes of the BBEDCA, PPA is defined as the appropriation level for operating accounts and at the R-1, P-1 and C-1 budget line item level for investment accounts. The President has exempted Military Personnel accounts from targeted sequestration reductions in FY 2013. For planning, the budget reduction estimate for FY 2013 is approximately 10.5 percent. However, this estimate is likely to change depending on the date of the sequestration order and the amount of available resources given the rate of budget execution.

b. The Army will allocate equal percentage reductions to PPAs within all investment portfolios and distribute the operating account reductions in accordance with strategic and operational priorities. The USD (C) will allocate the equal percentage sequestration to PPAs across the defense-wide portfolio. National Intelligence Program resources will receive an equal percentage reduction at the PPA level as described above. The Director of National Intelligence will be responsible for further allocation of these reductions.

c. Use the following guidelines to help formulate your budget mitigation spend plans and the minimum data items your plan will contain when you submit it to the Army through the ABO:

(1) Operation and Maintenance.

(a) The following guidance applies to plans for Operation and Maintenance:

- Maximize protection of funding for wartime operations.
- Fully protect Wounded Warrior programs.
- To the extent feasible, protect programs most closely associated with the new defense strategy.
- Reduce civilian workforce costs using the following tools (all subject to mission-critical exemptions):
 - Release temp employees and do not renew term hires.
 - Impose a hiring freeze.
 - Authorize voluntary separation incentives and voluntary early retirements to the extent feasible.
 - Consider the possibility of furloughs of up to 30 calendar days or 22 discontinuous workdays (furloughs are a tool of last resort and requires SECARMY approval).
- To the extent feasible, protect family programs.
- To the extent feasible, protect funding most directly associated with readiness; focus the necessary cuts on later deploying units.

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- Honor support and reimbursable agreements. Coordination between mission support units and COCOMs or AWCF customers must take place so that both understand the impact of reductions in services and demand in order to achieve reductions goals.
- Refrain from actions that could result in cost savings for one aspect of funding that will increase costs in other areas (e.g., emphasizing greater use of simulators that will reduce OPTEMPO costs but increase utilities costs).

(b) The plan you submit back to the Army through the ABO will contain the following items:

- Extent of civilian hiring freezes; expected number of temps/terms released/to be released; two course of actions addressing furloughs: (1) no furlough; (2) 22 day discontinuous furlough with expected number and execution dates not begin before 1 June 2013 to include any planned reductions-in-force actions.
- Operational/readiness impacts of proposed reductions (e.g. units' proficiency levels, flying hours, vehicle miles and other direct readiness).
- Impacts on FY 2014 generated by the revised spend plan guidance (curtailed contracts that come due earlier in FY14, deferred expenses that increase requirements in FY 2014, etc.).
- Additional areas where savings may be achieved that the Army may use to offset higher priority activities.
- Impact of external agency decisions that affects reimbursable activities and proposed mitigation, where necessary.
- Impact of revised spend plan on external agencies, ACOMs and/or COCOMs and extent of coordination conducted.
- Areas of budgets experiencing disproportionate cuts.
- Identify fixed, must-fund costs (e.g., civilian pay, utilities).
- Identify and prioritize any essential reprogramming actions. Also include a prioritized list of offsets.
- Commander's statement of risk.

(2) Investment Accounts.

(a) The following guidance applies to the investment portions of your budget (RDA accounts):

- Protect investments funded in OCO if associated with urgent operational needs.
- To the extent feasible, protect programs most closely associated with the new defense strategy.
- Take prudent steps to minimize disruption and added costs (e.g., avoid penalties for contract termination or de-scoping where feasible; prudently manage construction projects funded with prior-year monies).

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- Identify any dependent programs that become desynchronized due to uneven cuts in appropriation accounts. For example, a program that utilizes a procurement account to procure materiel and OMA to provide the labor activities at a depot.

(b) The plan you submit back to the Army through the ABO will contain the following items:

- Spending and Execution Plans for all programs at the P-1/R-1 level.
- Include major changes in unit buys, delays, etc. for ACAT 1D and 1C and MAIS programs.
- Identify significant changes in any joint programs.
- Identify any contracts that will be terminated for convenience or significantly reduced in scope and cost impact of the termination or reduction.
- Identify programs where reductions will drive a significant or critical change to the program
- Identify fixed, must-fund costs (e.g., civilian pay).
- Identify prior year funds made available to achieve reduced funding levels.
- Identify and prioritize any essential reprogramming actions. Also include a prioritized list of offsets.
- Commander's / Program Executive Officer's statement of risk.

5. ABO Guidance by Appropriation

a. Operation & Maintenance. You will receive separate planning guidance on reductions and associated actions with defined FY 2013 spending targets, based on an annualized CR level and the impact of sequestration. Due to the compounding pressure on the Operation and Maintenance, Army (OMA) of the CR and Sequestration, coupled with guidance to protect spending in several OMA-funded areas, the reduction to residual, unprotected OMA will be larger than the estimated 10.5 percent reduction imposed by sequestration. Some commands or agencies may be impacted by as much as 40 percent. Spend plans should account for two possible personnel scenarios: one scenario with the implementation of furloughs, and the other where no furloughs take place. Appropriation sponsors for OMA, OMNG and OMAR will issue more detailed guidance and fiscal targets. You are asked to develop revised spend plans and provide impact information, including impacts to FY2014 of reductions in FY2013. Please direct OMA questions to your ABO command analyst. POCs are: OMA, BG Mark McAlister, SAFM-BUO, (703) 693-3382/DSN 223-3382, mark.a.mcalister.mil@mail.mil; OMNG, Mr. Douglas Curell, G8, ARNG, (703) 607-7515 douglas.j.curell.civ@mail.mil; and OMAR, Mr. Steve Austin, Director, Resource Management, (703) 695-1891, Stephen.austin@us.usar.mil.

b. Research and Development Accounts (RDA). The guidance is applicable to the following Army appropriations:

- Aircraft Procurement.
- Missile Procurement.
- Procurement of Weapons and Tracked Combat Vehicles.
- Procurement of Ammunition.

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- Other Procurement.
- Research, Development, Test, and Evaluation.
- Joint Improvised Explosive Device Defeat Fund.

(1) Sequestration reduction targets to RDA accounts will be against all P-1 and R-1 lines. Reductions are estimated to be 10.5 percent at the P-1 and R-1 line item level based on the current funding authority in the FY 2013 CR. The FY 2013 CR for base funding is based on the FY 2012 enacted budget and for OCO based on the FY 2013 President's Budget Request for OCO.

(2) Unobligated FY 2011 and FY 2012 funding is also subject to an estimated 10.5 percent reduction based on unobligated balances as of 31 December 2012. There is some flexibility provided in that unobligated FY 2011 and FY 2012 funding, along with the annualized CR FY 2013 amounts, may be aggregated into one amount to cover the entire 10.5 percent reduction. Programs should use FY 2011 and FY 2012 amounts that are not executable to the maximum extent possible in order to preserve FY 2013 funding. To the extent possible, multiyear contracts should be preserved to avoid penalties along with incrementally funded fixed price contracts and OCO funded programs if they are associated with urgent operational needs. Obligations and program execution from this point forward should reflect the estimated 10.5 percent sequestration decrement to each P-1/R-1 line. Finally, all RDA activities are tasked to create full-year spend plans incorporating the sequestration decrements based on the annualized FY 2013 CR amount and sequestration. For those organizations considering the implementation of furloughs as a cost reduction measure, spend plans should account for two possible personnel scenarios: one scenario with the implementation of a 22 day discontinuous furlough, and the other where no furlough takes place. Additionally, each P-1/R-1 line will provide their approach for paying the sequestration reduction amount using a format that will be provided separately. Both products are due to ABO by 1700 EST, 25 January 2013.

(3) You will receive additional implementing guidance on adjusted resource ceilings and sequestration reduction targets via separate correspondence. POC for all RDA accounts is Mr. Dale Hanson, SAFM-BUI, (703) 614-9383/DSN 224-9383, dale.l.hanson8.civ@mail.mil.

c. Military Construction (MILCON) Accounts. The guidance is applicable to the following Army appropriations:

- Military Construction, Army.
- Military Construction, Army Reserve.
- Military Construction, Army National Guard.
- Family Housing Construction, Army.

(1) Effective immediately, before awarding any construction project (MCA, MCAR, MCNG, AFHC), obtain approval from the ASA (IE&E). Assume total budgetary resources will be reduced by an estimated 10.5 percent and this reduction will be applied equally to each FY 2013 major construction project, minor construction and planning and design and to all unobligated balances. ASA (IE&E) will provide an assessment of how to mitigate sequestration

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(e.g., specify deferred or cancelled projects, use of bid savings, and reduction of contingencies). POC is Ms. Beverly A. Maynard-Sims, SAFM-BUP-F, (703) 614-7383, beverly.a.maynardsims.civ@mail.mil.

d. Family Housing Operation and Maintenance, Army. Effective immediately, a moratorium is placed on all procurement of furnishings and non-essential maintenance and repair projects except for Life, Health or Safety. Assume total current year budgetary resources will be reduced by an estimated 10.5 percent and this reduction will be applied equally to each account (Furnishings, Leasing, Maintenance of Real Property, Management, Miscellaneous, Privatization Support, Services and Utilities). IMCOM will conduct an assessment of the impact of sequestration and will identify actions to be taken to generate above threshold reprogramming sources. POC is Ms. Beverly A. Maynard-Sims, SAFM-BUP-F, (703) 614-7383/DSN 224-7383, beverly.a.maynardsims.civ@mail.mil.

e. Working Capital Fund, Army (AWCF). Due to FY 2013 reduced ground and air OPTEMPO, AMC will immediately identify all AWCF funded spares acquisition and remanufacturing contracts or depot orders that may be cancelled or modified without regard to penalty payments as long as it is fiscally prudent. AMC will execute FY 2013 operating obligation authority IAW implementation strategy for O&M; SAFM-BUO-R will coordinate with AMC to reduce obligation authority funding to meet lower anticipated customer requirements. In addition, Capital Investment Program obligations require scrutiny to ensure only critical and protected O&M-type programs are executed. These actions are necessary to reduce outlays, preventing potential AWCF cash insolvency. Further, AMC will ensure no action taken interferes with support to deployed forces or pre-deploying units. POC is Mr. Steve Allenbach, SAFM-BUO-R, (703) 693-3369/DSN 223-3369, stephen.e.allenbach.civ@mail.mil.

f. Afghanistan Security Forces Fund (ASFF), Afghanistan Infrastructure Fund (AIF) and Joint Improvised Explosive Device Defeat Fund (JIJEDDF). Funding may only be applied in accordance with the post-sequestration spend plan approved by the office of the USD (C). Requests for reallocation of funding within the spend plan shall be handled in accordance with published guidance for the appropriation. However, at a minimum, such requests must be submitted through command channels to the Office of the USD (C), with a courtesy copy to the ABO, and must include a proposed revised spend plan indicating offsets such that the appropriation total funding levels remain unchanged. POC for ASFF and JIJEDDF is Ms. Elizabeth M. Santana, SAFM-BUC-I, (703) 614-5430/DSN 224-5430, elizabeth.m.santana.civ@mail.mil. POC for AIF is Ms. Gina M. Shaunette, SAFM-BUC-I, (703) 614-3253/DSN 224-3253, gina.m.sh aunette.civ@mail.mil.

g. 1990 and 2005 Base Realignment and Closure, Army, Environmental Restoration, Army and Chemical Agents and Munitions Destruction, Army. Specific guidance for this appropriation will be sent under separate cover by the Office of the USD (C).

h. Cemeterial Expenses, Army. The estimated sequestration percentage is 8.2 percent. Specific guidance for this appropriation will be issued under separate cover by OMB through the office of the USD (C).

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6. Guidance from Secretariat and Army Staff. The following guidance is assimilated from across Army Headquarters to address functional topics relating to actions undertaken in planning for sequestration. Associated POCs are identified to facilitate communication on any questions in this guidance.

a. ASA (M&RA) Guidance. To achieve required budgetary targets, a number of Civilian Personnel⁴ management tools are available. Consistent with operational requirements and ABO adjusted resource ceilings, commands should plan for the use of whatever combination of the options below that most effectively meets their Civilian Personnel needs and achieves the required savings. Below is a general description of the tools available and the ground rules for use of the tool. Further, the following addresses some of the information required if the described tools are to be used to achieve Commands' adjusted resource ceilings. Additional guidance will be provided under separate cover. Submit the required information to the appropriate POC on by 1700, EST, on 25 January 2013.

(1) Specific guidance on the execution of these tools will be disseminated through Civilian Human Resource technical channels. Upon approval of their anticipated Civilian Personnel measures each command will be required to revise its FY manpower program in coordination with Assistant G1 for Civilian Personnel (AG-1 (CP)). Execution will be monitored in monthly workforce shaping video teleconferences.

(2) Army-wide Civilian Hiring Suspension. The Secretary of the Army has imposed an immediate Army-wide Civilian hiring suspension (hiring freeze). Commands may not complete recruitment actions unless a final job offer has been issued and accepted. Recruitment actions that do not have evidence of a job offer being issued and accepted must be suspended until approved as an exception. Authorized exceptions to the hiring suspension will be provided in subsequent guidance from ASA(M&RA). Commands' exception requests for individuals should include information on whether the selectee has taken irrevocable or irreparable action(s) to relocate to the duty location (e.g., sold home, relocated family, made personal financial commitments, etc). Exception requests and the approximate number of positions to be filled, if exceptions are granted, must be submitted as specified in ASA (M&RA) guidance. Further details will be provided with the announcement of the suspension via memorandum from the ASA (M&RA). POC is Mr. Patrick L. Stewart, SAMR-CQ, (703) 695-5145/DSN 225-5145, patrick.l.stewart4.civ@mail.mil.

(3) Release Employees on Temporary Appointments. Commands are authorized to release employees on temporary appointments consistent with mission requirements and where there is no requirement for application of Reduction in Force (RIF) rules. Release should not occur earlier than 28 January 2013. The anticipated number of employees, by type and by installation, to be released by month through the remainder of the FY must be submitted as part of the implementing plan. Termination of Highly Qualified Expert (HQE) appointments requires the

⁴ The term "civilian personnel" for the purposes of this guidance, means all civilian appointed positions in the Army as an executive agency (5 U.S.C. 105). While private contractors, non-appropriated funds and foreign nationals may be leveraged for required savings, such guidance will be issued separately.

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approval of the Secretary of the Army. POC is Mr. Patrick L. Stewart, SAMR-CQ, (703) 695-5145/DSN 225-5145, patrick.l.stewart4.civ@mail.mil.

(4) Releasing Employees on Term Appointments. Commands have the option of releasing employees who are on term appointments at the expiration of their respective terms. The anticipated number of employees, by type and by installation, to be released by month through the remainder of the FY must be included in implementation plans. Release of term employees before their expiration of their appointments requires RIF approval and compliance with all RIF procedures, and probably will not yield current year savings. POC is Mr. Patrick L. Stewart, SAMR-CQ, (703) 695-5145/DSN 225-5145, patrick.l.stewart4.civ@mail.mil.

(5) Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Pay (VSIP). Commands are authorized to use VERA and VSIP to encourage separations and retirements. Estimates of the number of employees that will depart using these authorities and the planned departure month must be included in implementation plans. VSIP approvals must be consistent with limitations and guidance provided for FY 2013 allocations in the 24 Aug 2012 AG-1(CP) memorandum, subject: Voluntary Separation Incentive Pay (VSIP) Allocations for Fiscal Year 2013. POC is Mr. Patrick L. Stewart, SAMR-CQ, (703) 695-5145/DSN 225-5145, patrick.l.stewart4.civ@mail.mil.

(6) Furlough. Furlough is a tool of last resort and requires Secretary of the Army (SECARMY) approval. To incorporate into budgetary planning, commands should plan for furlough of employees up to and including 22 discontinuous workdays upon fulfillment of statutory and regulatory notice requirements. Given approval and notification timelines; and completion of negotiations with local bargaining units, you should anticipate beginning furloughs no earlier than on or about 16 April 2013. Negotiations with local bargaining units are required and may not begin without express approval from the SECARMY. If a furlough becomes necessary, it is anticipated that it will be centrally managed to some degree, with few exceptions granted. Commands should await further guidance for specific exceptions and implementation actions. For budgetary planning, include the full range of savings achieved by furlough, and an alternative in the event that furlough does not occur. Commands must submit estimates of their furlough requirements by location as part of their implementation plans. POC is Mr. Patrick L. Stewart, SAMR-CQ, (703) 695-5145/DSN 225-5145, patrick.l.stewart4.civ@mail.mil.

7. ASA (ALT) Guidance. PEOs and PMs will continue to obligate their funds in accordance with revised risk mitigation targets issued by ABO that are based on the annualized FY 2013 CR and 10.5 percent sequestration reductions. As a part of the planning process, PEOs will identify significant program impacts, those that would severely alter acquisitions plans, and identify potential bill payers/corrections that may be addressed in a later reprogramming action. POC is Mr. Thomas E. Mullins, DASA (PP&R), (703) 697-0387/DSN 227-0387, thomas.e.mullins4.civ@mail.mil.

a. All spend plans and other information required by this document will be submitted through DASA (PP&R), for consolidation and final distribution to ABO. Provide documents one day prior to due dates listed in this document. The POC for collection is Mr. Scott Retzler, Team

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Lead for ASA (ALT), Budget and Execution, (703) 695-4275/DSN 225-4275, scott.m.retzler.civ@mail.mil. Courtesy Copy MAJ Clif Sawyer, (703) 614-8723/DSN 224-8723, jay.c.sawyer.mil@mail.mil.

b. The contracting community will adjust contracting priorities to support PEOs, PMs and other requiring activities as resource ceilings are adjusted. Contracting professionals in the below identified buying commands stand ready to assist activities through this process by providing expert business advise on contractual alternatives to most effectively meet their needs and achieve required savings:

- Army Contracting Command (ACC).
- US Army Intelligence and Security Command (INSCOM).
- US Army Medical Command (MEDCOM).
- National Guard Bureau (NGB).
- PEO for Simulation, Training and Instrumentation (PEO-STRI).
- US Army Corps of Engineers (USACE).

c. Alternatives include cancellation of new contract actions, de-scoping of work statements and contract effort, expiration of options, and termination (partial or whole) for convenience of the government. Contracting professionals will partner with the requirements community to evaluate and determine the best course of action for programs and non-program related requirements. This evaluation may include coordination with Army small business personnel to consider the impact on the small business community. Contracting professionals will also provide guidance on estimated acquisition lead times and documentation (such as revised work statements) needed from the requiring activities to execute contractual actions. ASA (ALT) will coordinate with Army Commands and requiring activities to collectively initiate an immediate review of all contracts for potential cost savings. Results from these reviews will be provided by commands and requiring activities to ASA (ALT). POC is Ms. Kim Buehler, DASA (P), Director for Procurement Policy and Oversight, (703) 617-0432/DSN 227-0432, kimberly.d.buehler.civ@mail.mil

8. ASA (IE&E)/ACSIM Guidance. The following guidance is issued for the purpose of achieving over 30 percent reduction of FY 2013 Base Operations Support (BOS) spending levels compared to FY 2012 levels. Specific guidance is also issued for Sustainment, Restoration & Modernization (SRM) and MILCON. Commands are expected to continue to implement your efforts, to achieve our previously issued directives, to reduce the “cost of doing business” while enabling the successful accomplishment of our most critical mission tasks and caring for our Soldiers, Families, Civilians and Wounded Warriors. POC is COL John A. Styer, ARMYIM-RDI, (703) 692-9250/DSN 222-9250, john.a.styer.mil@mail.mil.

a. Base Operation Support.

- Preserve support for highest priority Soldier, Family, and Wounded Warrior programs (including Comprehensive Soldier Fitness, Substance Abuse, Survivor Outreach, and Transition Services).

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- Reduce appropriated fund support for community and recreational activities.
- Reduce all other levels of installation service delivery.
- Reduce new and current contracts to minimum levels without incurring penalties to ensure mission accomplishment. If penalties are projected with reductions to contracts, initiate cost benefit analyses before implementing changes.
- Continue to implement efficiencies in such areas as Dining Facilities, Non-tactical Vehicles, etc.
- Fund utilities; reduce energy and water consumption.
- Optimize the use of Soldiers to perform installation functions where practical (not to be construed as guidance resulting in a transfer of responsibility from garrison to mission).

b. Restoration & Modernization.

- Perform Sustainment activities only for matters of life, health, or safety.
- Stop all Restoration & Modernization (R&M) projects including Facilities Reduction Program (FRP) and projects required to facilitate stationing decisions (Exceptions will be granted by approval from ACSIM).

c. Energy Projects.

- Fund energy metering projects.
- Continue development of third-party financed initiatives.
- Defer other energy projects, as required.
- Maximize utilization of third-party financing programs (e.g., Utilities Energy Savings Contracts, Energy Savings Performance Contracts, and Power Purchase Agreements) to provide capital needed to modernize and achieve savings over time.

9. Office of the Administrative Assistant to the Secretary of the Army. Conference activity and participation will be strictly curtailed. Exceptions are permissible only for mission-critical activities (e.g., military recruiting) and must be executable within the adjusted resource ceilings provided via this guidance. Conference approval authorities will deliberately re-evaluate previously approved but not yet executed conferences and reduce, cancel or proceed with them consistent with this guidance. The Administrative Assistant to the Secretary of the Army will soon distribute an updated Army Directive on conferences which will include a revised list of Army officials with authority to approve conferences. Given the fiscal environment and the intent to significantly curtail conference activity this authority will only be granted to a limited number of Army senior leaders. POC is Mr. Jerry B. O'Keefe, HQDA OAA, (703) 697-7741/DSN 227-7741, gerald.b.okeefe.civ@mail.mil.

10. HQARMY Deputy Chief of Staff (DCS) G-3 Guidance.

a. Home Station Training. ACOM, ASCC and DRU provide below information following analysis of Funding Targets: Level of proficiency that can be achieved/maintained for units not scheduled to deploy in support of OEF and decision points to begin to curtail FY 2013 Home Station Training major events that impact unit training readiness IAW ARFORGEN. Decision

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points should incorporate Training Support Systems. POC is Mr. Scott F. Miller, HQDA G-37/TR, (703) 692-7332/DSN 222-7332, scott.f.miller.civ@mail.mil.

b. Combat Training Centers. FORSCOM, TRADOC and USARPAC report the number of scheduled FY 2013 and FY 2014 Decisive Action Maneuver Combat Training Center and Mission Command Training Program rotations that can be conducted and decision points to cancel or reduce scope of these rotations. Decision points should incorporate Training Support Systems. POC is Mr. Scott F. Miller, HQDA G-37/TR, (703) 692-7332/DSN 222-7332, scott.f.miller.civ@mail.mil.

c. Missions: ACOMs and ASCCs provide anticipated FY 2013 and FY 2014 level of support for Observant Compass, Balkans Support, and Patriot Support to NATO that can be provided and decision points to cancel or reduce support. POC is Mr. Scott F. Miller, HQDA G-37/TR, (703) 692-7332/DSN 222-7332, scott.f.miller.civ@mail.mil.

d. Regionally Aligned Forces. FORSCOM provide the level of support for the FY 2013 AFRICOM Regionally Aligned Force pilot and decision points to reduce or cancel this support. POC is Mr. Scott F. Miller, HQDA G-37/TR, (703) 692-7332/DSN 222-7332, scott.f.miller.civ@mail.mil.

e. Institutional Training. TRADOC, MEDCOM, USASOC, AMC, USAR and ARNG provide level of FY 2013 and FY 2014 training load that can be executed and decision points to cancel or reduce 2nd/3rd/4th quarter FY 2013 and 1st/2nd quarter FY 2014 military and civilian institutional training courses. Preserve the Initial Military Training student load. This will inform initiation of Training Resource Arbitration Panels to cancel or reduce selected courses for all three Compos. POC is Mr. Scott F. Miller, HQDA G-37/TR, (703) 692-7332/DSN 222-7332, scott.f.miller.civ@mail.mil.

11. HQARMY DCS G-4 Guidance.

a. Second Destination Transportation (SDT). The current "Limited Stop Ship" policy will remain in effect. All commands will assess the operational impact if the current "Limited Stop Ship" SDT policy is expanded to include new procurement, equipment redistribution of war reserves, war reserve ammunition, over ocean civilian HHG and POV moves, and over ocean Morale, Welfare, and Recreation support. G-4 will continue to fund those shipments that directly support the war or those next to deploy. Assessments of the impacts are due to G-4 NLT 25 January 2013. POC is Mr. Mark F. Averill, Director, Resource Management, (703) 693-1900/DSN 223-1900, mark.f.averill.civ@mail.mil.

b. Army Prepositioned Stocks. Army Material Command (AMC) will assess the operational impacts if a "stop work" order is issued for all Army Prepositioned Stocks (APS) Care Of Supplies in Storage (COSIS) actions for 3rd and 4th quarter of FY 2013. Assessment should include at a minimum impact to overseas storage sites, COSIS Shipboard Teams, Local Nationals supporting COSIS and current COSIS operations in Kuwait. Assessment of the impacts is due to HQARMY G-3/5/7 and G-4 NLT 25 January 2013. POC is Mr. Mark F.

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Averill, Director, Resource Management, (703) 693-1900/DSN 223-1900,
mark.f.averill.civ@mail.mil.

c. Depot Maintenance. AMC will immediately plan to cancel all 3rd and 4th quarter depot maintenance and reset orders. Do not take this action until 15 February 2013. Take action now to revise the repair priorities for the FY 2013 Depot Maintenance Plan to meet only the requirements directly supporting the units deployed to a theater or preparing to deploy. The following planning guidance is provided:

- Cancel all 3rd and 4th quarter Army orders not directly supporting the theater of operations or next deploying units.
- Release all depot and arsenal temporary and term employees unless their employment is supported by funded workload.
- De-scope, cancel or defer all 3rd and 4th quarter Army O&M funded maintenance contracts, including Post Production Software Support.
- Provide assessments of: impacts to the workforce (including temps, terms and reimbursable employees), immediate readiness implications, and where these actions will result in non-compliance with statute including 50-50 and core.

POC is Mr. Mark F. Averill, Director, Resource Management, (703) 693-1900/DSN 223-1900,
mark.f.averill.civ@mail.mil.

12. Chief Information Officer/ HQARMY DCS G-6 Guidance.

a. Data and Network Infrastructure. Organizations should accelerate wherever possible the network and data center consolidation process as well as the elimination of redundant and underused applications. This consolidation will provide significant cost savings in sustainment as well as license costs. All data center life-cycle sustainment requirements must be approved by the CIO/G6 through the Army Goal 1 Waiver process (AG1W). Data center POC COL James Parks (571) 256-8987; james.c.parks14@mail.mil; AG1W POC COL Steve March, (703) 545-6168, stephan.p.march@mail.mil.

b. Communications. All organizations should review usage for all assigned IT to include mobile devices and land-line telephones and unsubscribe all underutilized devices. Usage information is available from your local IT provider. POC Mr. Carlton Henry, (703) 691-4528/DSN 221-4528; carlton.b.henry.civ@mail.mil.

c. NETCOM will conduct a joint review of all command funded communications circuits and recommend to the CIO/G6 which unutilized / underutilized circuits will be terminated. CIO/G6 POC: LTC Ted Charles, (571) 256-9000; tedrose.h.charles@mail.mil.

d. IT Services. Commands should not renew IT Service Contracts without coordinating with their NETCOM / local service provider for baseline service support. POC LTC Guy Dewees, (703) 614-7287/DSN 224-7287; guy.m.dewees@mail.mil.

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13. ABO General Guidance. ABO will issue specific guidance by appropriation for the development of fiscal spend plans, and will oversee the coordination of the report to OSD of Implementation Plans. Several controls and execution reviews will ensure reduced spending targets are achieved:

a. The Army must comply with Section 808 of the National Defense Authorization Act for FY 2012 (Public Law 112-81). This section limits the amount of funds the Army may obligate for contract services in FYs 2012 and 2013. For FY 2013, each command, PEO and agency will be issued a not-to-exceed (ceiling) limitation by the appropriate appropriation sponsor. Your ceiling will be sent separate from this guidance and it will be documented on your funding document.

b. The ASA (M&RA) will incorporate civilian actions planned to achieve sequestration targets into the command reporting requirements for the ASA (M&RA) and ASA (FM&C) Civilian Workforce Shaping Video Teleconferences.

c. Appropriation sponsors will conduct monthly execution reviews, with results being reported to the ASA (FM&C) and for investment accounts, the ASA (ALT). Quarterly updates to the Secretary of the Army and the Chief of Staff, Army will include progress of mitigating budget uncertainty.

14. POC for this guidance is Mr. Todd L. Schafer, Director of Management and Control, Army Budget Office, (703) 614-1645/DSN 224-1645, Todd.L.Schafer.civ@mail.mil.

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